

INTERVIEW:

HILLARY CLINTON: BACK IN ASIA - THE US STEPS UP ITS RE-ENGAGEMENT



AFP PHOTO

US Secretary of State Hillary Clinton took part in a series of meetings in Bali at the end of July. Most important of these was the ASEAN Regional Forum, where she headed what is seen as a new US engagement with the region. She also co-chaired the second meeting of the US-Indonesia Joint Commission under the bilateral Comprehensive Partnership, together with Indonesian Foreign Minister Dr. R. M. Marty M. Natalegawa. Secretary

Clinton also featured at the ASEAN Regional Entrepreneurship Summit, where she promoted the State Department's Global Entrepreneurship Program, which aims at encouraging the development of small and medium enterprises in conjunction with USAID and private partners in Indonesia. She took the time to respond to written questions from Strategic Review.

We would like to start by looking at the US view of Southeast Asia and Indonesia's role in it as part of a region that is growing in confidence as regional economies develop. Given the dynamics that are emerging in the region, do you believe Indonesia can continue to sit on the fence diplomatically, being a friend to all, but a close friend, and particularly an ally, to no one?

Southeast Asia is a diverse and dynamic region that has long been of great importance to our country. The Association for Southeast Asian

Nations (ASEAN) includes US allies and several long-time partners and friends. The region sits astride strategic sea lanes through which more than half of the world's oil and more than one third of global commerce must pass. As well, Southeast Asia is a globalization success story: it has modernized smartly over the last generation, its countries are economically prosperous, and it serves as a model for other regions. Southeast Asia is also home to moderate, Muslim-majority nations that reject religious radicalism and that have made remarkable progress in democratizing their political and economic systems. ASEAN's 10 member nations have a combined population of nearly 600 million, and their rapidly growing economies have a combined GDP approaching \$1.5 trillion. Over the last 20 years, US trade volume with Southeast Asia has tripled, from \$45.9 billion in 1990 to \$176 billion in 2010. Given the significant

economic opportunity in Southeast Asia, ASEAN is a focus area of the President's National Export Initiative. This administration has made a comprehensive commitment to re-engage as a Pacific power by enhancing our alliances, building partnerships, and strengthening multilateral institutions in the Asia-Pacific to address common challenges. Our treaty alliances with Australia, Japan, the Republic of Korea, the Philippines, and Thailand have safeguarded regional peace and security for the past half century and supported the region's remarkable economic growth. Today we are working to sustain and update them so they remain effective in the 21st century. As well, we have strengthened bilateral relations with new and emerging powers and strategic nations including Indonesia, China, Vietnam, Singapore, Malaysia, New Zealand, Mongolia, and India. Through these relationships, we are working to build stronger ties



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on every level, including through increased trade and people-to-people exchanges. We also recognize that to seize the opportunities of this region and to address common challenges we must invest in and support the region's institutions. Consistent with this commitment has been our efforts to build stronger ties with ASEAN including acceding to the Treaty of Amity and Cooperation (TAC), initiating the ASEANUS Leaders Meetings, joining the East Asia Summit (EAS) and the ASEAN Defense Ministers Meeting Plus (ADMM Plus), and sending Ambassador David Carden to Jakarta to serve as our first resident Ambassador to ASEAN. And, my July visit to Bali reflects our sustained commitment to enhance strategic engagement within Southeast Asia and with ASEAN. Indonesia is a natural leader in Southeast Asia: as an emerging and thriving democracy; as a multi-ethnic, Muslim-majority country that cherishes tolerance and pluralism; and as the largest economy in the region. Within

ASEAN, Indonesia has also played a leading role, particularly this year as its Chair. In this role, Indonesia has initiated efforts to resolve the Thai-Cambodia border dispute, facilitated discussion on South China Sea issues, and supported genuine reform in Burma. Indonesia has also worked to recast the EAS as a forum for leaders to discuss substantive topics of joint concern. As well, Indonesia is engaging with countries in the region to promote good governance, strengthen civil society, and encourage democratic institutionbuilding. The Bali Democracy Forum, launched by President Yudhoyono in 2008, enables countries at different stages in the democratization process to share experiences. Indonesia's ability to attract high-level officials to the Forum reflects Indonesia's leadership role in engaging on democratic reform. As a complement to Indonesia's existing initiatives, our cooperative activities through the US-Indonesia Comprehensive

Partnership strengthen both of our engagements in Southeast Asia. In August, the United States announced its commitment to invest \$17 million over three years in the "Inisiatif Kemitraan Asia Tenggara – United States (IKAT-US)" or "Southeast Asia – US Partnership: Civil Societies Innovating Together." IKAT-US is an unprecedented effort to assist Indonesian civil society groups share their expertise and experiences outside Indonesia in partnership with civil society groups from the United States and Southeast Asia. Through its active engagement, Indonesia takes a leadership role in the region and partners with countries around the world to address global challenges. In recognition of our maturing relationship, President Obama and President Yudhoyono launched the US-Indonesia Comprehensive Partnership last year. Since then, our two countries have forged strong relationships between our governments, civil society organizations, business leaders, and universities. During my meeting with Foreign Minister Natalegawa at the Joint Commission this month, I was impressed at the strong leadership that Indonesia is taking in addressing climate change issues, especially in the forest sector; the growing opportunities for health collaboration; our progress in attracting more Indonesian students to study in the United States; prospects for new engagement on increasing agricultural productivity; and the

imminent completion of a Millennium Challenge Corporation compact with a major commitment to economic growth through investments in "green prosperity."

You have made it very clear that the US is concerned about the situation in the South China Sea and your comments on this last year were taken as an attempt to block increasing pressure from Beijing over sovereignty over the exclusive economic zones in the area. Has your position changed since you made those comments and to what degree do you believe China has listened to those comments and how far do you think it has ignored them?

We commend the announcement that ASEAN and China agreed on implementing guidelines to facilitate confidence-building measures and joint projects in the South China Sea. This is an important first step toward achieving a Code of Conduct and reflects the progress that can be made through dialogue and multilateral diplomacy. We look forward to further progress. The United States is encouraged by this recent agreement because as a Pacific nation and resident power we have a national interest in freedom of navigation, open access to Asia's maritime domain, the maintenance of peace and stability, and respect for international law in the South China Sea. We oppose the threat or use of force by any claimant in the South



China Sea to advance its claims or interfere with legitimate economic activity. We share these interests not only with ASEAN members and ASEAN Regional Forum participants, but with other maritime nations and the broader international community. The United States supports a collaborative diplomatic process by all claimants for resolving the various disputes in the South China Sea. We also support the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea. But we do not take a position on the competing territorial claims over land features in the South China Sea. We believe all parties should pursue their territorial claims and accompanying rights to maritime space in accordance with international law, including as reflected in the 1982 Law of the Sea Convention. The United States is concerned that recent incidents in the South China Sea threaten the peace and stability on which the remarkable progress of the Asia-Pacific region has been built. These incidents endanger the safety of life at sea, escalate tensions, undermine freedom of navigation, and pose risks to lawful unimpeded commerce and economic development. In keeping with the 2002 ASEAN-China Declaration, each of the parties should comply with their commitments to respect freedom of navigation and overflight in the South China Sea in accordance with international law, to resolve their disputes through peaceful means, without resorting to the threat or use of force. They

should exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from taking action to inhabit presently uninhabited islands, reefs, shoals, cays, and other features, and to handle their differences in a constructive manner. The United States encourages all parties to accelerate efforts to reach a full Code of Conduct in the South China Sea. We also call on all parties to clarify their claims in the South China Sea in terms consistent with customary international law, including as reflected in the Law of the Sea Convention. Consistent with international law, claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features.

China has emerged as the world's second-largest economy and there are many who predict that it will not be too long before it eclipses the US economy. Is there a way in which you see that the competitive nature of the current relationship can be developed in order to become more inclusive and more cooperative rather than confrontationalist?

The United States welcomes the rise of a strong, prosperous, and successful China that plays a greater role in world affairs. The US-China relationship does not fit neatly into black and white categories like friend or rival. The United States and China

are two complex nations with very different histories, political systems, and outlooks. At the same time, our common energy, our entrepreneurial dynamism, and our commitment to a better future provide a path to collaboration. We are both deeply invested in the current order and we both have much more to gain from cooperation than from conflict. Our approach with China expands areas of practical cooperation while managing the differences between our two nations. High-level interactions such as President Hu's January state visit and the US-China Strategic and Economic Dialogue have reinforced a positive context for the US-China bilateral relationship and laid the foundation for real progress and collaboration on common issues. The United States and China continue to deepen mutually beneficial cooperation in a wide range of areas, including economy and trade, counterterrorism, law enforcement, energy security, climate change, science and technology, education, culture, and health. We seek further cooperation with China in bilateral and multilateral fora on a range of shared security priorities.

Do efforts by the US forces to forge strong relationships with the military of countries in the Southeast region in some sense represent an attempt to 'fence in' China? One recent example is the annual Navy exercises with Vietnam – does this mean that the US distinguishes between small

communist countries and big ones?

No. A peaceful and prosperous Asia-Pacific region is in the interests of both China and the United States. A thriving America is good for China, and a thriving China is good for America. Our friends and allies across the Asia-Pacific region would agree. They also want to move beyond outdated, zero-sum formulas that might force them to choose between relations with Beijing and relations with Washington. The United States works to strengthen its relationships with the militaries of Southeast Asian countries in order to enhance cooperation and address shared security concerns. Our military efforts in Southeast Asia focus on humanitarian assistance and disaster relief, international peacekeeping operations, anti-piracy efforts, and counterterrorism activities. As well, with active US engagement, the ASEAN Regional Forum (ARF) has become a solution-oriented regional security body, implementing tangible programs in nonproliferation, disaster response, maritime security, and international crime. While in Bali in July, I participated in the ARF and outlined US views on the key regional strategic issues.

Turning back to Indonesia, how would you describe its progress toward democracy? Does it realistically present a model that can be used by other Muslim nations emerging from periods of autocratic rule?



Indonesia has undergone an extraordinary peaceful democratic transition. Indonesia's full-blown transformation into a vibrant democracy with free and fair elections at all levels of government, a free and vocal press, and a thriving civil society is remarkable. Now, as the world's third largest democracy, Indonesia is showing the rest of the world how a developing nation can provide democratic freedoms to its citizens. All democracies strive to keep their institutions strong. Respect for human rights and religious tolerance are also critical, and Indonesia has made great progress in instilling these values, despite challenges faced by many democracies. As a friend and partner, the United States stands ready to support Indonesia as it faces these challenges to its maturing democracy and is committed to working with Indonesians to reinforce the democratic institutions needed to promote stability and prosperity, and to tackle corruption. The US-Indonesia Comprehensive Partnership is a vehicle for us to work cooperatively with Indonesia in all of these areas. In short, the United States wants Indonesia to be a success and will do what we can to support Indonesia's continued successful transformation. The Middle East is now in the midst of transformative change and Indonesia's experiences suggest it can play a constructive role in democratic transitions in that area of the world. For example, Indonesia is in a unique position to relay its own positive

experiences on elections to Egypt and provide support for election assistance efforts currently underway in Egypt. I understand that Indonesia's Institute for Peace and Democracy is already cooperating with Egypt on election management and political party development, and I am encouraged by these efforts. Establishing connections between Indonesian political and civil society leaders with their counterparts in Egypt could greatly assist in the Egyptian democratization process.

Finally, you were last in Indonesia in July for the ASEAN Regional Entrepreneurship Summit. Why does the US consider promotion of entrepreneurship to be important? Does this reflect a move by the US to nurture a wider relationship with the region through the development of business networks and person-to-person contacts?

In July, I had the honor of speaking at the Regional Entrepreneurship Summit in Bali, hosted by Trade Minister Mari Pangestu. As the first follow-on conference to President Obama's April 2010 Summit on Entrepreneurship, the Indonesian government is continuing the important conversation about the role of entrepreneurship in driving economic growth, innovation, and employment in the most dynamic region in the world. During President Obama's summit, I launched the State Department's Global Entrepreneurship Program to promote

our entrepreneurship engagement because improving the entrepreneurial business environment enables innovators to succeed, creating jobs and economic opportunity. Our efforts in Indonesia, as the program's second pilot country, were met with enthusiasm from the Indonesian business community. Last fall, a group of business leaders established the Global Entrepreneurship Program Indonesia as our local partner to coordinate efforts to create Angel investor groups, improve business curricula, and develop mentoring and networking support systems for entrepreneurs. The challenge for Indonesia, along with many emerging economies, is creating jobs to keep pace with population growth. In addition, providing economic opportunity and access to women, minorities, youth, and rural populations is critical, but difficult. Encouraging, incubating, and commercializing innovation also remains an obstacle for many emerging economies. For all of these challenges, entrepreneurship is one of the most important policy answers. Our promotion of entrepreneurship abroad is no different than what we are doing at home. Through President Obama's StartUp America initiative, we are celebrating, inspiring, and accelerating high-growth entrepreneurship throughout our nation. Just as we recommend abroad, we are undertaking policy initiatives in our own system that focus on unlocking access

to capital, connecting mentors, reducing barriers, accelerating innovation, and unleashing market opportunities. And, we recognize the extraordinary energy of private sector partners from corporations to universities and foundations. In addition to our entrepreneurship outreach, our broader commercial engagement efforts are critical for connecting people and businesses around the world. In Indonesia, the US government has supported successful initiatives to encourage greater people-to-people ties over the last year. The US Department of Commerce led its largest ever higher education mission, featuring 56 US colleges and universities, to provide prospective Indonesian students with information about educational opportunities in the United States. As well, the Overseas Private Investment Corporation held its annual investment conference in Jakarta, in which representatives from 22 countries and more than 100 US companies participated. By bringing together our entrepreneurs, students, investors, and business communities, we advance our collective goal of promoting economic prosperity for both of our countries.